

Message Text

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PAGE 01 OTTAWA 04154 202144Z
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
-----202147Z 111586 /66
O 202140Z MAY 77
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 3562

C O N F I D E N T I A L OTTAWA 04154

EXDIS

E.O. 11652: GDS
TAGS: ENRG, CA
SUBJECT: NATURAL GAS EXPORT PRICES

REF: STATE 115547

1. EMBASSY RECOMMENDS THAT USG ADVISE GOC ASAP THAT WE
DO WISH TO CONSULT ABOUT PROPOSED INCREASE IN NATURAL
GAS EXPORT PRICE AND THAT IN CONSULTATIONS WE MAKE FOLLOW-
ING POINTS:

(A) WE HOPE GOC WILL NOT DECIDE ON EXPORT PRICE BEFORE
IT DECIDES ON DOMESTIC PRICE.

(B) WE OBJECT TO CONTINUED DISCRIMINATION BETWEEN EXPORT
AND DOMESTIC CUSTOMERS AND HOPE THAT AT A MINIMUM NEW
PRICES WILL NOT WIDEN THIS DISCRIMINATION IN ABSOLUTE
TERMS.

(C) AS NOTED BY KATZ SWITCH FROM CANADIAN TO U.S.
DOLLARS PRICING REPRESENTS FURTHER FIVE PERCENT INCREASE.

(D) DEPENDING ON WEIGHT NEB GIVES TO COST OF IMPORTED
ENERGY (WHICH NOT CLEAR FROM REFTTEL), WE SHOULD POINT OUT
THAT CAN DOLS 2.28 IS ROUGHLY ONLY U.S. DOLS 2.18 AT
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PRESENT EXCHANGE RATE; THUS U.S. DOLS 2.25 EXPORT PRICE
SEEMS CLEARLY EXCESSIVE.

(E) WE URGE THAT ANY INCREASE BE PHASED IN IN AT LEAST
TWO STAGES AS HAS BEEN DONE IN PREVIOUS YEARS SO AS TO
MODERATE IMPACT ON U.S. CONSUMERS.

2. AMBASSADOR IS CURRENTLY ON VACATION IN WESTERN CANADA. WE BELIEVE THAT, IF DEPARTMENT DESIRES, HE WILL BE ABLE TO CONTACT ENERGY, MINES AND RESOURCES MINISTER GILLESPIE BY PHONE TO MAKE NECESSARY REPRESENTATIONS. WE CAN FORWARD TO HIM NECESSARY BACKGROUND INFORMATION AND INSTRUCTIONS FROM DEPARTMENT. REQUEST GUIDANCE ASAP. ENDERS

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Message Attributes

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